SHRI PRANAB MUKHERJEE: Sir, prices of some essential commodities are available with me which I can share with the House. For instance, in the Delhi market, the price of rice per kilogram -- I am giving variations — between April and November, was Rs. 20 to Rs. 23; wheat price was Rs. 13 to Rs. 15; atta price was Rs. 15 to Rs. 17; gram dal price was Rs. 34 to Rs. 40; tur dal price was Rs. 59 to Rs. 91; sugar price was Rs. 27 to Rs. 38. *(Interruptions)*. Sir, if you want I can lay the whole list on the Table of the House. *(Interruptions)*.

MR. CHAIRMAN: Let him conclude his reply.

SHRI PRANAB MUKHERJEE: Some hon. Members wanted these figures earlier, that is why I wanted to give these figures. So far as Shri Venkaiah Naidu's question about long-term and medium-term arrangement is concerned, in the past, in fact, we are trying it even from the mid 1980s. A mission mode approach was taken. But unfortunately we could not make a breakthrough. Even our efforts in the production of pulses failed to make a breakthrough. Again we are talking to the agriculture scientists as to how we can do it. Here you shall always have to keep in view that the farmers have an option. They can make a calculation that which particular crop will give him more profit.

Sometimes, as a result of this — sugar is a classical case — you will find that in one particular year, there is glut of sugar and in another year there is shortage of sugar. When there is glut of sugar, sugarcane growers do not get the price. So they do not go for the sugarcane production next year. These types of cyclical disorders have also taken place. But the ultimate answer lies in having more production and for that massive investment in agriculture is needed. We are doing so. In the Eleventh Five Year Plan, massive step up has been given and it is our programme also to step up agriculture investment both in the public and the private sectors so that, at least, agricultural growth continues at the annual average of four per cent. But sometimes, we are hovering between two and two-and-a-half per cent. This year it may be even less because of the adverse monsoon and because of flood and drought. These are the measures which we are taking.

Interest rate on the PSU deposits with banks

*165. SHRI MAHMOOD A. MADANI:
SHRI SANTOSH BAGRODIA:††

Will the Minister of FINANCE be pleased to state:

(a) whether Government has issued any guidelines to the nationalized banks regarding the interest on the deposits from the Public Sector Units (PSUs);

(b) if so, the details thereof;

(c) whether nationalized banks have been accepting such deposits at benchmark rates or less;

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††The question was actually asked on the floor of the House by Shri Santosh Bagrodia.

(d) whether PSUs have claimed to be incurring loss on the deposits with the nationalized banks; and

(e) if so, what steps Government proposes to discount the loss to PSUs?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (e) A statement is laid on the Table of the House.

Statement

(a) and (b) In order to avoid undesirable competition amongst banks leading to arbitrary hikes in deposits rates, which have consequences for the economy, and considering the need to moderate the cost of credit, Government directed the Central Public Sector Enterprises (CPSEs) to discontinue the practice of inviting competitive bids for bulk deposits. Further, all the public sector banks (PSBs) were advised to publish their card rates for bulk deposits of Rs. 1 crore and above and, in order to bring about a level-playing field, to consider uniform card rates for bulk deposits for different maturities across PSBs.

(c) to (e) In view of huge liquidity in the system, to contain overall cost of funds and shrinking net interest margin of PSBs, presently the PSBs are offering lower interest rates for bulk deposits *vis-a-vis* retail deposits. Though this may lead to decrease in interest earning of some CPSEs, the move is aimed at benefiting the economy at large including the borrowing CPSEs, due to overall reduction in cost of funds.

SHRI SANTOSH BAGRODIA: Sir, the hon. Minister has mentioned in his reply, "In view of huge liquidity in the system and to contain overall cost of funds, the PSBs are offering lower interest rates for bulk deposits." Now, when there is cartelisation by the banks, like the real demand and supply, which he has been mentioning about other commodities, in the money market also, it is the question of demand and supply. I cannot understand as to why the PSUs should be asked to subsidise the banks, because the whole percentage is just a minuscule percentage of deposits in the banks against the total deposits in the country. If that is so, it is not going to really affect the economy. It only affects the PSUs which are, otherwise, in trouble. Then, we question in Parliament. So, why should there not be maximum interest rates, whatever they can get in the market, either from the private banks or from the PSUs?

SHRI PRANAB MUKHERJEE: Sir, it is not that simple because when there is competition, you go for competitive bidding, and it will, ultimately, distort the entire interest rate structure. And, what do we gain by it? The Public Sector Enterprises are expected to make profits by upgradation of scale, application of better technology and reducing the cost of production, and not by depositing their money over a period of time and earning their interest. Therefore, this distortion was going on. I do agree with the hon. Member; he is correct that the total investment is not very high. The total public sector deposits with the banks is Rs.25 lakh crores, and the percentage of the CPSEs is just 6.4 per cent. But it was creating distortion in the overall structure, and that cannot be permitted.

SHRI SANTOSH BAGRODIA: Sir, my second supplementary is this. Investments in mutual funds by CPSUs have been banned till January, 2010. Does the Government plan to open it to the wisdom of the CPSUs, that they can invest in mutual funds after 2010? If that is so, then, planning for it has to be done now by the CPSUs, as we are nearing January, 2010.

SHRI PRANAB MUKHERJEE: Sir, this is not related to the main question.

SHRI D. RAJA: Sir, the banks form the central net system of modern economy today. If that is so, our banks need to be streamlined. Now, the answer is very clear about bulk deposits and retail deposits. The bulk deposits and the corporate houses, which have the Instrument of Certificate of Deposits, are getting 10 to 12 per cent interest rate now, whereas on savings accounts, their interest rate now, I am told, is 3.5 per cent. I would like to know from the hon. Minister whether the Government has any strategy to encourage ordinary people to go in for net savings. If that is so, is the Government thinking of increasing the interest rate on savings accounts from 3.5 per cent to, at least, 5 per cent, which was there earlier?

SHRI PRANAB MUKHERJEE: Surely, I am not going to discuss the interest policy or the monetary policy in the House. It is a major policy matter, and this is being done by the Reserve Bank of India. Determining the interest rate is not in the domain of the Government of India. The senior Members would know it. It is in the domain of the Reserve Bank, which they do so, from time to time, keeping in view the overall requirements. We always encourage people for thrift, and various schemes are being introduced. But there must be a balance between the interest at which the banks will pay to the depositors and the interest which they will charge from the lender. Keeping that in view this balance is to be struck. Let us not enter into that area; let us leave it to the experts. The Reserve Bank is the competent body to deal with it. Let them do it. ...*(Interruptions)*...

SHRI D. RAJA: Sir, I asked...*(Interruptions)*...

MR. CHAIRMAN: Mr. Raja, that question is over. ...*(Interruptions)*...

SHRI D. RAJA: One second, Sir. The answer says, 'the public sector banks were advised.' If that is so, why can't the Government advise the public sector banks? That is the simple question I asked.

SHRI PRANAB MUKHERJEE: The public sector banks are advised by us and also by the RBI. ...*(Interruptions)*...

गैस सिलेंडरों का अवैध व्यापार

†*166. **श्री जनेश्वर मिश्र**: क्या **पेट्रोलियम और प्राकृतिक गैस मंत्री** यह बताने की कृपा करेंगे कि:

(क) क्या यह सच है कि देश में गैस में सिलेंडरों में कम गैस भर कर आपूर्ति करने तथा छोटे सिलेंडरों में गैस भरने का अवैध व्यापार चल रहा है;

(ख) यदि हां, तो क्या सरकार द्वारा इस पर रोक लगाने के लिए कोई प्रभावी कदम उठाए जा रहे हैं; और